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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 06/11/09

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)

North Korea problem:

- 4) United Nations Security Council to adopt sanctions resolution against North Korea for its nuclear test, but absent will be mandatory cargo inspections (Mainichi)
- 5) New UNSC resolution, a result of U.S.-Japan agreement, will place additional pressure on North Korea (Asahi)
- 6) U.S. gave consideration to China by removing cargo searches from draft UNSC resolution (Nikkei)
- 7) Japanese government welcomes new UNSC draft resolution as "sending a strong message to North Korea" (Tokyo Shimbun)
- 8) Japan readying own sanctions, including ban on exports to North Korea, to go along with UNSC resolution's measures (Mainichi)

Defense and security affairs:

- 9) MSDF's anti-piracy operation off the coast of Somalia: Most commercial ships are sailing unescorted and foreign ships keep asking for help (Asahi)
- 10) Diet ratifies treaty banning cluster munitions (Mainichi)

Global warming:

- 11) Prime Minister Aso announces mid-term greenhouse-gas reduction target of 15 PERCENT, compared to the 2005 level (Nikkei)
- 12) Government calculates that greenhouse-gas reduction program will cost each Japanese household 80,000 yen by 2020 (Mainichi)
- 13) Concern already rising about Aso's greenhouse gas reduction target as not doing much to stop global warming (Sankei)

14) Liberal Democratic Party members concerned about going into the next election with Aso's 12 PERCENT consumption tax pledge in the campaign manifesto (Mainichi)

15) Panel releases report to DPJ that reviews the Nishimatsu illegal-donation case and concluded the then party head Ozawa's explanation was "insufficient" (Nikkei) 12

Articles:

1) TOP HEADLINES

Asahi, Mainichi, Nikkei, Sankei, Tokyo Shimbun, and Akahata:
Government sets 15 PERCENT emissions cut target from 2005 levels, or 8 PERCENT from 1990 levels, by 2020

Yomiuri:

Permanent UNSC members plus Japan and South Korea reach final agreement on sanctions resolution on North Korea

2) EDITORIALS

Asahi:

- (1) 15 PERCENT emission cut target a first step to low carbon society
- (2) Hiroshima juvenile reformatory instructors arrested for abusing inmates

Mainichi:

- (1) Purpose and principles behind medium-term emission cut target

TOKYO 00001311 002 OF 012

unclear

- (2) North Korea must release U.S. reporters promptly

Yomiuri:

- (1) Japan must stand firm in emissions accord talks
- (2) Criticism of prosecutors and media in Nishimatsu report improper

Nikkei:

- (1) Can Japan lead international talks with its medium-term emissions cut target?

Sankei:

- (1) Ineffective emissions cut target will increase burden on households
- (2) DPJ Nishimatsu report insufficient

Tokyo Shimbun:

- (1) There are more important aspects than figures in medium-term target to curb global warming

Akahata:

- (1) LDP-New Komeito government unfit to protect global environment

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 10

NIKKEI (Page 2) (Full)

June 11, 2009

08:07 Took a walk around his official residential quarter.

10:30 Met at Kantei with Shimamura, special advisor to LDP president.

11:16 Met with Deputy Chief Cabinet Secretary Uruma.

13:15 Met with the Foreign Ministry's Director General for Global Issues Sugiyama and others.

14:03 Interviewed by Financial Times' reporter, joined by Sugiyama.

14:34 Met LDP Policy Research Council Deputy Chairman Sonoda, Secretary General Hosoda, Manifesto Project Team head Suga.

15:45 Met with incoming and outgoing Ambassador in charge of Okinawa affairs Masui and Imai.

16:00 Met with Okuda, chair of informal council on global warming,

and Fukui, chair of the mid-term goal to cut greenhouse gas emissions, attended by Chief Cabinet Secretary Kawamura.
16:32 Met with Foreign Minister Nakasone, METI Minister Nikai, Environment Minister Saito, Kawamura; and Kusaka and Nishimura, advisors to the Cabinet Office.
18:00 Held press conference.
19:29 Visited the office of candidate for Tokyo Metropolitan Assembly election, located in Saikumachi.
19:43 Visited the office of candidate for Tokyo election in Wakamatsucho.
20:00 Met secretary at Japanese restraint Naniwa in Rihga Royal Hotel.
21:32 Met secretary at Cellar Bar in Rihga Royal Hotel.
23:02 Returned to his official residential quarter.
Back to Top

4) Final agreement reached on sanctions against North Korea;
Mandatory ship inspections not included; UNSC to adopt resolution

TOKYO 00001311 003 OF 012

tomorrow

MAINICHI (Page 1) (Abridged slightly)
June 11, 2009

Takayasu Ogura, New York

The five permanent UN Security Council (UNSC) members plus Japan and South Korea reached a final agreement on the morning of June 10, or night of June 10, Japan time, on the text of a resolution to impose additional sanctions on North Korea in response to its latest nuclear test. Russia accepted a revision plan formulated by the United States in compliance with China's request. As a result, the United States presented the draft resolution to the 15-member UNSC later in the day. The resolution is likely to be unanimously adopted as early as June 12. The group finally wrapped up two weeks of talks following the May 25 nuclear test.

Japanese Ambassador to the UN Yukio Takasu said about the agreement: "It took longer than originally expected. The new resolution is quite different (severer sanctions) than Resolution 1718 that was adopted earlier."

"Condemning strongly the nuclear test" as a violation of a UNSC resolution, the draft resolution specifies sanctions based on Article 41 (nonmilitary measures) of Chapter 7 (a threat to peace) of the UN Charter.

The resolution also demands that North Korea must not conduct additional nuclear tests, while requiring it to stop conducting ballistic missile-related activities.

Accepting China's demand, Japan and the United States also agreed on the expression "all UN members shall inspect" cargo to and from North Korea in their territories if they have reasonable grounds to believe that such cargo contains prohibited materials.

Further, in the event a concerned country has reasonable grounds to believe a ship to North Korea carries prohibited materials on the high seas, the resolution also urges that country to inspect the cargo under consent from the country to which the ship belongs. In either case, ship inspections were not made mandatory, making concessions to China.

Under Resolution 1718 adopted in response to the North's nuclear test in 2006, an arms embargo has been limited to large weaponry. The new resolution prohibits North Korea from exporting all arms and from importing all weapons except for small arms.

The resolution also includes financial sanctions for the first time, urging the member countries to stop providing fresh loans and financial aid to North Korea except for development and humanitarian purposes that have impacts on the North Korean people.

5) UNSC sanction resolution to place stronger pressure on DPRK;
Japan, U.S. compromise to give priority to reaching agreement

ASAHI (Page 9) (Abridged)
June 11, 2009

Kayo Matsushita, New York

TOKYO 00001311 004 OF 012

The five permanent members of the UN Security Council (UNSC), Japan, and the ROK reached final agreement on June 10 on a new sanction resolution providing for stricter cargo inspection, additional financial sanctions, and expanded arms embargo, 17 days after North Korea conducted its second nuclear test. This represents an additional step in gradually increasing pressure on the DPRK, which has violated past UNSC resolutions. However, cargo inspection was not made mandatory due to China's fierce resistance.

The inspection of cargo going to and from North Korea had remained the main sticking point up to the end. China opposed mandatory comprehensive inspection of cargo in each country's territorial land, sea, and air. It also demanded a stricter basis for conducting inspection - not just suspicion of carrying embargoed items but only when there is evidence thereof.

The wording on cargo inspections was weakened from something member states "must undertake" - which makes them mandatory - to something they are "called upon" to do. The basis for such inspections was also changed to when they "have information" that the cargo contains embargoed items. This was in concession to China, in order to give priority to passing the resolution. Mandatory cargo inspection will now be deferred as in the case of the previous sanction resolution.

With regard to financial sanctions, the provisions are not as specific as those referring to cargo inspection. The provisions on banning transactions with specific North Korean banks and on other targets of sanctions that Japan and the U.S. had wanted to include were discarded in the negotiation process. This is because China and Russia opposed them on grounds that they will "affect the livelihood of the North Korean people."

While there are passages calling on member states not to provide financial services related to nuclear and missile programs, on preventing the transfer of assets, and on refraining from providing new aid and financial assistance other than for humanitarian and development purposes, their effectiveness will depend on implementation by the member states. The freezing of assets and the listing of individuals and organizations to be covered by the travel ban is left in the hands of the sanction committee.

However, North Korea is certain to react strongly to the resolution. Even in the UNSC, few believe that the resolution will deter the DPRK from its provocative actions.

6) U.S. gives consideration to China's reservations in two-week UNSC tug-of-war, with China valuing its connections with DPRK

NIKKEI (Page 6) (Slightly abridged)
June 11, 2009

Hiroyuki Nakamae, New York

Deliberations in the UN Security Council (UNSC) on a sanction resolution against North Korea came to a conclusion on June 9 after more than two weeks. All the players, including China and Russia, agreed to the adoption of a resolution from the beginning, but in the discussions on the specific provisions, China, which has close relations with the DPRK, expressed reservations that reflected its delicate position. While forging closer cooperation with Japan and the ROK, the U.S., which stood clearly for stronger pressures on North Korea, showed consideration for China, valuing its connections

TOKYO 00001311 005 OF 012

with the DPRK.

Common sense of crisis at an early stage

At the emergency meeting on May 25 held soon after North Korea's nuclear test, the UNSC had already agreed on adopting a resolution at an early stage.

In particular, China and Russia, which have close historical ties to the DPRK and which had supported it so far in UNSC deliberations, made it clear that they shared the concern of Japan and the U.S. regarding the expansion of the nuclear and missile crisis. This led certain UN diplomatic sources to predict an early conclusion to the negotiations, that "the adoption of the resolution will take only a week or so."

Conflict reemerges on the specifics

However, when discussions came to the specific sanctions to be included in the resolution, differences between "Japan and the U.S. opting for pressure" and "China and Russia trying not to provoke North Korea excessively and cause it to go out of control" reemerged. Specifically, China resisted the passage in the resolution drafted by Japan and the U.S. authorizing mandatory ship inspection, which says: "Member states are authorized to employ all necessary means" to conduct such inspection.

On the other hand, the United States asserted that, "We are not intending to continue a policy of rewarding provocation." (President Barack Obama) Announcing that it will impose its own financial sanctions in cooperation with Japan and the ROK and its intent to consider re-listing the DPRK as state sponsor of terrorism, the U.S. consistently adopted a policy of applying stronger pressure.

U.S. gives priority to financial sanctions

Rather than being stuck with the wording on ship inspection, which was strongly opposed by China, the U.S. chose not to weaken financial sanction measures, which are expected to be effective in pressuring North Korea. It is believed that it devoted its efforts to retaining the provisions on calling upon the member states to prevent fund transfers relating to nuclear and missile development, for instance.

A UNSC resolution cannot be passed without the consent of China, a permanent member. With North Korea showing signs of firing a long-range missile after its nuclear test and the crisis continuing, the U.S. showed a certain measure of consideration to China, which can play a major role in making the DPRK resume international dialogue.

7) Japanese government welcomes UNSC sanction agreement as "strong message to North Korea"

TOKYO SHINBUN (Page 2) (Full)
June 11, 2009

By Koki Miura

The Japanese government has welcomed the final agreement reached by the five permanent members of the United Nations Security Council (UNSC), Japan and South Korea on a sanction resolution denouncing

TOKYO 00001311 006 OF 012

North Korea's recent nuclear test, with a senior Foreign Ministry official saying: "We can now send a strong message."

Although mandatory inspections of cargo on ships that Japan and the United States had called for were forgone, the new sanction resolution allows UN member countries to conduct ship inspections on their own judgment. Therefore, the Japanese government takes the agreement as an improvement.

There was a possibility that adopting the sanction resolution would be delayed if Japan and the United States dwelled on making cargo inspections obligatory, since China objected to such. There was also expectation that if Japan and the U.S. persisted on ship inspections, it would derail cooperation with China, which is a key

player in dealing with North Korea issues. The Japanese government is pleased that the seven countries were able to resolve the issue in by smoothly reaching an agreement. The dominant view in the Foreign Ministry is that the new resolution will be able to give serious damage to North Korea through the cargo inspections and financial sanctions.

With the implementation of cargo inspections in mind, the Japanese government and ruling parties will launch a study of establishing a new law. The government will also substantiate its own sanction measures, including an expansion of targets of total embargo with the North and financial sanctions.

However, since North Korea has warned that it will launch a long-range ballistic missile if the UNSC adopts the resolution, Japan has found it necessary to prepare for any contingency.

8) Japan to impose own sanctions on North Korea, including ban on all exports

MAINICHI (Page 3) (Full)
June 11, 2009

Naoyuki Inukai

In light of the five permanent UN Security Council members plus Japan and the ROK agreeing on the resolution on additional sanctions against North Korea for its recent nuclear test, the government decided on June 10 to implement Japan's own additional sanctions, including a ban on all exports to the DPRK.

The government has already banned all imports from the DPRK after its nuclear test in 2006, so the additional sanction will mean a ban on all trade with this country. However, the annual trade volume between the two sides is only approximately 800 million yen (in 2008), so the sanction will only be mostly symbolic.

The Liberal Democratic Party (LDP) special committee on countermeasures on the abduction issue has recommended a ban on the reentry (of North Korean citizens) to the government. The government is considering applying this only to foreign residents in Japan who make false declaration of cash they take out of the country, who bring embargoed technology and goods into the DPRK, and who violate other laws.

After North Korea fired its ballistic missile in April, Japan has imposed additional sanctions lowering the limit on the amount of cash that can be taken to the DPRK from 1 million to 300,000 yen and

TOKYO 00001311 007 OF 012

the amount of money transfer to the DPRK requiring reporting from 30 to 10 million yen. Certain government officials say that, "Although North Korea may launch more ballistic missiles, Japan is running out of cards that it can play."

9) Somalia waters: Troubled sea for antipiracy mission

ASAHI (Page 38) (Abridged)
June 11, 2009

Japan's Maritime Self-Defense Force has been on an overseas mission to defend Japanese ships against pirates in the Gulf of Aden off Somalia. In this connection, the Ministry of Land, Infrastructure, Transport and Tourism recently conducted a hearing survey of the Japanese Shipowners' Association. According to findings from the survey, a total of 72 ships were escorted by MSDF destroyers in the gulf during two months up to the end of May. Meanwhile, a total of 210 ships passed through the gulf without being escorted. The MSDF is under various restrictions in its activities to escort commercial ships, and its destroyers there are having a hard time of it in its activities.

The MSDF destroyers take four days to shuttle on an eastward- and westward-bound route of about 900 kilometers in the Gulf of Aden. Commercial ships for escorting are to gather and form a fleet at a meeting point at the appointed date and time, and they are then

convoys by the MSDF destroyers. There are two meeting points in the gulf, where the MSDF's escort starts once in four days. There are also circumstances on the side of commercial ships. An ocean liner service company official says: "Passenger ships have their itineraries that were set more than a year ago, and freighters have their contracts with cargo owners. That's why they cannot easily change their itineraries. Actually, it's difficult to meet the appointed date and time." Some Japanese ships follow a foreign naval convoy, according to this company.

The transport ministry says a total of 2,100 Japanese ships, including Japan-linked ships, passed through the Gulf of Aden in 2008. One way is a two-day itinerary, so the MSDF destroyers were supposed to escort nearly 12 ships on a one-way itinerary. However, they escorted 83 ships up to June 10. The one-way average is 3.2 ships. The two MSDF destroyers have even escorted a single ship.

The MSDF is allowed to escort Japanese and Japan-related ships only. However, its destroyers have ever rushed to six foreign ships in response to their radio calls for help. One case was a foreign ship being chased by a group of pirates at sea. In this case, the MSDF destroyers headed off to the scene and repelled the pirates with its search lights. In another case, a foreign ship came under attack from pirates and a destroyer-based helicopter rushed to the scene.

10) Japan ratifies anticluster treaty

MAINICHI (Top play) (Lead para.)
Eve., June 10, 2009

The opposition-controlled House of Councillors, in a plenary session this morning, unanimously approved the Convention on Cluster Munitions or the so-called Oslo Treaty, which prohibits its signatories from possessing and using cluster bombs, which cause civilian casualties. Japan has now ratified the anticluster treaty. Japan is the second major country to ratify the pact after Germany.

TOKYO 00001311 008 OF 012

Japan is expected to become the 10th country in the world to ratify it. This is the second time for Japan to ratify a disarmament treaty under the initiative of nongovernmental organizations or concerned countries since its 1998 ratification of a treaty banning antipersonnel landmines. With its early ratification of the pact, Japan has shown its strong will to the international community to aim for disarmament. In the years ahead, Japan is going to abolish cluster bombs and will also extend a helping hand to the victims of cluster bombs and do away with unexploded bombs.

11) Premier announces emissions reduction target of 15 PERCENT by 2020

NIKKEI (Top Play) (Excerpts)
June 11, 2009

Prime Minister Taro Aso during a press conference held at the Kantei on June 10 said that Japan will reduce greenhouse gas emissions by 15 PERCENT from the 2005 level or by 8 PERCENT from the 1990 level as a mid-term target to be achieved by 2020. The figure excludes emissions quotas obtained from abroad. He also indicated policies needed to be adopted to attain the goal and the burden to be shouldered by household budgets. The set of policies include a 20-fold increase in solar energy generation. It has also been estimated that financial burden per household will increase by more than 70,000 yen a year. The prime minister wants to take the initiative in future international talks, by setting a target figure topping those of the European Union (EU) and the U.S. in terms of comparison with the 2005 level. However, there is a probability that Japan may be asked in talks to further raise its target.

Measures to curb global warming along with massive fiscal deficits and an increase in social security burden due to the declining birthrate will restrict economic activities in various sectors, such as the government, companies and household budgets, for the next few decades. The mid-term goal released by the prime minister will serve as Japan's basic stance in future international framework (post-Kyoto Protocol) talks. The envisaged figure will be formally

proposed after the L'Aquila Summit in July and the 15th session of the Conference of the Parties to the Climate Change Convention (COP15) to be held in Copenhagen.

The mid-term goal does not include emissions quotas Japan will obtain from abroad in return for cooperating other countries in their efforts to cut greenhouse gas emissions and an increase in the absorption of greenhouse gas emissions achieved by thorough control of forests, such as tree thinning. Japan will aim to achieve a 15 PERCENT emissions cut through domestic effort.

The prime minister underscored that Japan's mid-term goal is very ambitious. He ruled out the possibility of setting a harsher emissions cut goal, noting, "The people would have to bear a heavier burden."

12) Mid-term goal to cut emissions bound to affect family budgets: Financial burden to increase by 80,000 yen by 2020, according to government estimate

MAINICHI (Page 2) (Abridged slightly)
June 11, 2009

Achieving a 15 PERCENT greenhouse gas emissions cut in comparison
TOKYO 00001311 009 OF 012

with the 2005 level or 8 PERCENT, compared with the 1990 level, mandates companies and individuals to make maximum efforts, including replacing equipment with advanced energy-saving types. Chances are utility rates might be raised with power companies increasing nuclear power plants, which emit relative less greenhouse gas emissions. This would directly affect household budgets.

Now that the mid-term goal has been set, industrial circles will start revising their action programs that had been mapped out based on the Kyoto Protocol. The burden of investment to be shouldered by companies, such as the cost of introducing state-of-the-art equipment, will likely increase. Moves to cut wages and jobs could accelerate. An increase in the burden of household budgets, such as an increase in electricity rates, is likely.

According to government estimate, the burden of a standard household with disposal income of 4.8 million yen (determined by deducting expenditures, such as taxes and social insurance premiums, from total income) and utility charges of about 170,000 yen a year will increase by roughly 80,000 yen, in comparison with a case in which no measures to cut emissions were taken. This is because their disposal income will drop about 453,000 yen, and annual utility charges will rise about 33,000 yen.

Further, the government cited increasing solar energy generation by 20-fold, compared with the 2005 level, by 2020 as a precondition for achieving the target. It wants to cut emissions by 25 PERCENT, in comparison with the 2005 level through boosted tax breaks and the introduction of a subsidy system for replacements of existing equipment with energy-saving types, in addition to power saving and Cool Biz, which households are already tackling.

However, according to a survey conducted by the Cabinet Office in May this year, more than 80 PERCENT of respondents said that an increase in household burden that can be accepted for the realization of a low carbon society is less than 24,000 yen. Only 2.2 PERCENT chose more than 60,000 yen a year. To what extent people will press ahead with environment measures remains to be seen.

13) Experts voice concern about Japan's midterm gas emissions cut target, fearing it will not help stop global warming

SANKEI (Page 3) (Full)
June 11, 2009

Environmental groups' members and researchers have voiced concerns about the new target Japan has set for its own efforts to reduce greenhouse gas emissions. They fear that Japan's target could make it difficult for countries to reach an agreement on a new

international framework to fight global warming beyond the Kyoto Protocol's expiration in December of this year and result in hindering efforts to avoid possible damage. There is also an estimate that global warming could cause more than 11 trillion in additional damage to Japan from floods and other natural disasters annually by the end of the 21st century even if the goal of halving worldwide greenhouse gas emissions by 2050, as agreed on among industrialized countries, is attained. This shows the grim reality that Japan will unavoidably suffer damage even if it takes countermeasures.

Japan set the new target based on the fourth report of the UN

TOKYO 00001311 010 OF 012

Intergovernmental Panel on Climate Change (IPCC). The report noted that the rate of increase of temperature should be contained to less than 2 degrees in order to minimize damage caused by global warming. In the Hokkaido Toyako Summit last year, the Group of Eight countries agreed on the target of halving gas emissions worldwide by 2050.

However, a report compiled by the National Institute for Environmental Studies and other research institutes predicts that even if the 50 PERCENT -cut target is attained, Japan would suffer damage worth 5.1 trillion yen from floods, 650 billion yen from landslides, 5.4 trillion yen from sand beach erosion caused by rising seas. The total cost to the nation could reach 11.4 trillion yen. The report also estimates that global warming could erode 29 PERCENT of sand beach across the nation and increase the risk of dying from heat stroke by 2.1 times.

National institute chief researcher Yasuaki Hijioka said:

"The focus in the midterm target is on expenditures for countermeasures, but the nation will unavoidably have to pay huge expenses for damage in the future. Since even Japan, which has prepared disaster damage-prevention measures, is expected to suffer major damage, island countries will suffer far more damage."

Climate Network President Mie Asaoka commented:

"Japan's target does not respond to a scientific call for containing the rate of increase of temperature to less than 2 degrees. The target is to press developing countries to achieve a severe goal. It will inevitably not only delay international negotiations but will not be accepted by other countries, either. The government should consider possible damage to developing countries more seriously."

14) Ruling party members eyeing election raise objection to estimated 12 PERCENT consumption tax hike, social security spending cut

MAINICHI (Page 5) (Full)
June 11, 2009

The Liberal Democratic Party (LDP) and the New Komeito launched a discussion yesterday on the draft of the government's annual economic and fiscal policy guidelines presented by the Council on Economic and Fiscal Policy. But objections erupted in response to a proposal in the draft for cutting social security spending and the Cabinet Office's estimate for raising the consumption tax. The government plans to adopt the guidelines for 2009 on June 23, but since the contents of the guidelines will be reflected in their manifestos, coordination between the government and the ruling parties is expected to be difficult.

In a plenary meeting of the LDP Policy Research Council yesterday, Hidehisa Otsugi, chairman of the LDP Caucus in the House of Councillors, demanded a proposal for curbing social security expenses be dropped, snapping at senior members of the council: "The party will be unable to fight under this slogan. Delete this part here."

The guidelines for 2009 can be interpreted to mean that the government will adopt the policy of curbing social security spending in the fiscal 2010 budget, following the guidelines for 2006, which

introduced a measure to trim the annual growth of such spending to 220 billion yen during the period between 2007 and 2011. But Otsuji and other party lawmakers representing the interests of the health and welfare industries fiercely reacted to this policy. They complained that the policy will inevitably evoke angry reactions from the Japan Medical Association and other groups and eventually undermine the party's foothold.

Policy Research Council Deputy Chairman Hiroyuki Sonoda tried to appease Otsuji, saying: "Abandoning one criterion will have a negative impact on the party," focusing on the need to underscore the difference between the LDP and the Democratic Party of Japan, which has been criticized for a lack of specifics on how to secure funds for its specific policy measures. But Koichiro Shimizu, a House of Representatives member, said: "The persons concerned are allergic (to reducing social security spending)." Other members also presented similar views.

A host of complaints were also voiced yesterday on the Cabinet Office's report pointing out the need to raise the consumption tax to 12 PERCENT. Hakuo Yanagisawa, chairman of a subcommittee of the party's Tax System Research Commission remarked: "They can make such a suggestion because they are not involved in elections." Also in a plenary meeting of the New Komeito's Policy Research Council, views urging caution were presented in succession. One claimed: "It is irresponsible to present an estimate for hiking the consumption tax before the details of expenditure reform are worked out." Another asserted, "Although the consumption tax should be raised in order to stabilize social security, the purpose has been shifted to restoring fiscal conditions."

15) Third-party panel for DPJ has doubts about prosecutors' investigation of Nishimatsu scandal, faults Ozawa's explanation as insufficient

NIKKEI (Page 2) (Full)
June 11, 2009

A third-party panel of experts, headed by Jun Ito, a professor at the National Graduate Institute for Policy Studies, which the main opposition Democratic Party of Japan (DPJ) set up, released a report yesterday. The panel was set up to examine how prosecutors had investigated the illegal donation scandal involving Nishimatsu Construction Co. With regard to the investigations by prosecutors who arrested and indicted the state-funded secretary of former DPJ President Ichiro Ozawa, the report emphasizes: "There are a number of skeptical points." Regarding Ozawa's accountability, it points out that Ozawa's explanations about how the political funds were insufficient.

The panel was launched on April 11. It held 12 hearing sessions, including closed-door sessions, from Ozawa and experts.

In regard to how the prosecutors investigated and built the case as the violation of the Political Funds Control Law, the report questions: 1) whether the donations were really illegal, 2) whether the case was truly serious and pernicious, and 3) whether there was unfairness in the treatment of Ozawa compared to lawmakers of the ruling Liberal Democratic Party (LDP). The report underscores that the prosecutors assume responsibility in explaining their investigations which had a significant political bearing that led the resignation of the leader of the largest opposition party at a

time when the next House of Representatives election was looming.

Meanwhile, concerning Ozawa's accountability, the report only says that he should have provided a better explanation about how the political funds were used.

Regarding the DPJ's handling of the issue, the panel's experts analyzes that the party was unable to separate Ozawa's position as a

politician involving the case and his position as its leader and it dealt with the issue under such circumstances. The report then writes that the DPJ failed to manage the crisis. Secretary General Katsuya Okada told reporters at a Tokyo hotel: "We will figure out what we did wrong as a party and correct what should be corrected after examining the report carefully."

ZUMWALT